

Delegated decision report

DECISION UNDER DELEGATED

DECISION CANNOT BE TAKEN BEFORE THURSDAY, 29 NOVEMBER 2012

Title	DEVELOPING A LOCAL ASSISTANCE SCHEME FOR PEOPLE IN SEVERE FINANCIAL NEED
Report to	LEADER OF THE COUNCIL AND CABINET MEMBER FOR RESOURCES

EXECUTIVE SUMMARY

1. This paper seeks to prepare the Council for the abolition of the Social Fund by the Department of Works and Pensions (DWP) from 31 March 2013. The abolition includes discretionary elements such as Community Care Grants and Crisis Loans for general living expenses. As part of the abolition process DWP will be transferring funding to local authorities to use as they see fit to meet local needs, delivered through a Local Assistance Scheme, from 1 April 2013.
2. The report recommends that a decision is made to establish a Local Assistance Pilot Scheme that will operate for 2013/14 and that it is administered for a period of 12 months by the Council's Benefit Team.
3. The pilot will be used to refine the scheme, offering the Council the opportunity to consider alternative ways of delivering the service from 1 April 2014. These alternatives will include commissioning an organisation to administer the scheme for the Island.

OUTCOMES

4. If the recommendations in this report are accepted then the Council will be in a position to devise an appropriate and responsive programme of Local Assistance provision to Island residents who are in genuine hardship (which cannot be met through other means), and they are able to access the support that they need, financial or otherwise, quickly and effectively. The service developed will be one of last resort and is not intended to become part of a regular package of assistance provided to Island residents. The support will be delivered from within the total of the annually available resources of £344,000.

BACKGROUND

5. Social Fund reform is part of the Government's wider welfare reforms. The reform proposals were set out in the Government's Welfare Reform White Paper 'Universal Credit: welfare that works', published on 11 November 2010. In February 2011 the DWP and the Department for Communities and Local Government (DCLG) published a joint call for evidence on the design and delivery of Local Welfare Assistance in England. Following

consultation with local authorities, the Welfare Reform Act (which received Royal Assent on the 8th March 2012) includes powers to end the discretionary elements of the Social Fund, with the new assistance being administered by local authorities in England and the devolved administrations in Scotland and Wales.

6. The Social Fund currently has two parts, the regulated and discretionary schemes:
 - The regulated elements of the Social Fund are: funeral payments, cold weather payments, winter fuel payments and Sure Start maternity grants. These will remain the responsibility of the Department for Work and Pensions (DWP).
 - The discretionary part of the fund currently consists of three separate schemes:
 - Crisis Loans
 - Community Care Grants, and
 - Budgeting Loans (these will remain with DWP).
7. It is the Crisis Loans and Community Care Grants (discretionary elements) which are being abolished and that have to be replaced by the Local Assistance Scheme being proposed in this report.
8. **Crisis Loans:** these are currently interest-free repayable loans, which are available to assist people to meet their immediate short-term needs in an emergency. For example, this would include assistance for an immediate threat to health and safety; paying fares when a child is taken to hospital; or assistance after a disaster such as a flood or a fire. Expenditure could contribute to living expenses, including day to day items such as monies for food, travel expenses, rent in advance, and alignment payments. Applications for living expenses and items are currently made through a DWP Crisis Loan telephone line.
9. **Community Care Grants:** this is a non-repayable payment which is made to assist people to live independently in the community and examples of the sort of help which might be requested and the type of help which can be provided are set out below:
 - improving living conditions to stay in the community;
 - avoiding violence;
 - help after leaving care or leaving prison;
 - resettlement or exceptional pressures;
 - Furniture (bed, chairs etc);
 - White goods (cooker, washing machine etc);
 - Security (alarms, locks etc).
10. Referrals come from a wide range of agencies including Adult Social Care, Supporting People Advice Services (such as the CAB and the Law Centre). Further details of the existing scheme are outlined in Appendix 3 to this report.
11. The nature of the expenditure in current DWP Social Fund provision around Community Care Grants and Crisis Loans has already been set out above. Whilst the funding to be allocated to Local authorities is not going to be ring-fenced, a settlement letter has been issued to the Council, which sets out what the funding is expected to be used for, and that it should address unavoidable need and those who face the greatest difficulty managing their income.

12. It is considered this expectation has been made explicit as a result of considerable concern expressed by national charities and campaigning organisations, and indeed some councils themselves, that funding could be diverted by local authorities away from those who genuinely require emergency support.

DEVELOPING AN ISLE OF WIGHT LOCAL ASSISTANCE SCHEME

13. The grant allocation for the Island is £344K which should be used to assist those in greatest need through the new Local Assistance Scheme in 2013/14. An administration grant of £72k has also been provided for 2013/14 and £67k for 2014/15, which is expected to cover the costs of managing the new local scheme. A one off lump sum of £3,443 as a contribution towards set up costs will also be provided.
14. Whilst previous DWP data and eligibility criteria may be of some use in terms of assessing how to deliver this service from April 2013, there is scope within the Isle of Wight, with this new provision, to enable delivery of a service provision that is better placed to understand the likely demand that will be placed upon it. Furthermore the Council can work locally to understand the root causes behind the demand and then use this understanding to design a more pro-active service that provides a longer-term fix rather than the current short-term fix provided by DWP. In the longer-term the changes will enable a better assessment of the individual's needs in terms of support that may be available to them out in the wider community (again, looking at how to address their needs in the longer term). This fits in with the Council's aspirations under the Strengthening Families initiative.
15. Under the existing nationally administered arrangements the biggest number of claimants (in terms of household type) are single people (accounting for approximately 87% of crisis loan payments and 80% of community care grants). Lone parents account for between 7 and 27% of overall applications (depending on the type of assistance sought). Referrals are more prevalent amongst the 18-44 age range (particularly 18-24) and these drop off significantly after the age of 55.
16. Some of the deeper problems that appear to lie behind people finding themselves in crisis or needing to borrow may include lack of financial knowledge and budgeting skills, lack of access to appropriate financial products (for example affordable credit or bank accounts), lack of savings to fall back on when a crisis hits, lack of awareness re entitlements, unemployment, a sudden change in circumstances, and on-going mental health issues, diagnosed or undiagnosed (bearing in mind that people with mental health issues are about four times more likely to be in debt than those who don't have mental health issues).
17. It is unclear at present how many people make multiple applications to the fund. However, discussion with DWP both locally and nationally suggest that multiple applications are not unusual and they have recently taken steps to limit the number of awards in any given 12 month period to three. Consequently, It would appear that using the Social Fund in this manner has not been getting to the root cause of many of the problems faced by Island residents and that, as well as emergency funds, they could benefit more by being provided with support from other services (e.g. money advice, benefit take up advice, input from mental health services, housing advice etc.) in order to help the applicant move out of crisis for the longer term.
18. The DWP do not believe that the current scheme is an effective service as it is a transactional service only, rather than a service which can more holistically assess a person's needs and provide them with the relevant support which will give them greater financial stability for the future and therefore provide a longer term fix to their difficulties. It is

DWP's stated belief that local authorities will have a better understanding of residents' needs because of their more detailed understanding of the local economy and environment, and that local authorities will be able to respond more effectively to this need.

19. As part of service design, eligibility criteria will need to be carefully considered in order to ensure that those residents who are in most need are able to access this provision. Important information will be held by organisations on the Island who currently work with those who are destitute; and where they currently see a high level of need for emergency funds. Consultation will be required with a range of organisations on the Island who work with people who access the Social Fund, in order to determine priorities.

PILOT SCHEME

20. As the time available to finalise the Island's scheme is very limited and the Council wants to ensure that the scheme is accessible to those most vulnerable on the Island; it is proposed in the first instance that a pilot scheme will run for 12 months.
21. Based on discussions with the DWP, information on the existing arrangements and associated research to date, it is suggested that the purpose of the new service should be:
To help local people in severe financial crisis out of immediate hardship and offer them advice and support to maintain their own financial independence in the longer term.
22. To achieve this the pilot scheme would particularly focus on:
 - Low-income families under exceptional pressure (for example an unexpectedly hospitalised child necessitating unexpected travel costs, or the failure of a high cost appliance such as a washing machine or fridge);
 - Women, men and children fleeing domestic violence who need funds to set up a new home;
 - Disabled people who need adaptations to their housing to stop them going into expensive institutional care;
 - Homeless people who require basic items such as cookers or beds as part of a new tenancy.
23. The principles of the service would be based on making it:
 - **Responsive** – so that Island residents, who are in genuine hardship, which cannot be met through other means, are able to access the support that they need quickly and effectively.
 - **Enabling** – so that any support offered will focus on increasing independence, either to live in the community, or to gain financial independence. This will involve understanding the root cause of the person's / family's problem, in order to pull together the necessary support required that enables them to take back control of their situation (which may or may not include financial assistance).
 - **Collaborative** – so that the service works in partnership with other key agencies and sources of support in the Island, to ensure that people are assessed and linked in with the right support out in the community that enables them to fix their problems longer term.

24. Importantly the final design of the Island's scheme must ensure that the local support is a safety net service or a service of last resort; it must not become something which Island residents come to rely on as a supplement to their earnings or benefit payments.
25. The proposed Local Assistance Scheme proposed to be operated as a pilot in 2013/14 is set out in Appendix 1 to this report.

PILOT SCHEME DELIVERY

26. The scheme will provide support in a crisis situation. Whilst the final detail of the scheme has yet to be developed, it is proposed that support will be largely given by way of vouchers or supply of goods with cash payments kept to a minimum and there will be no loan arrangements. This is to ensure that the right support that is needed is actually given. Loans are not felt appropriate for such one-off emergencies and would prolong the arrangement unnecessarily. In addition the DWP were able to recoup repayments by making deductions from income support whereas the Council would have to implement a collection procedure that could be administratively burdensome. Where possible funding will be aligned with existing services to reduce administration costs and duplication, and ensure effective targeting of integrated support. In the longer term it is envisaged that support will be delivered mostly through referral agencies, although during the proposed pilot it may be necessary for there to be direct public access to Council offices. It is suggested that the most effective way of delivering the service for all concerned will be by means of a "free phone" telephone number. This would ensure that the service can be accessed from anywhere on the Island without residents incurring costs such as phones charges or travel fares. As is the case with DWP at the moment, it is suggested that no claimant should be able to have more than three awards in any given 12 month period.
27. The pilot period will be particularly important given that the funding will be a grant limited pot that will need to be managed very carefully to ensure that it is not effectively exhausted before the end of the financial year. DWP currently manage this funding by modelling it throughout the year on a basis of priority – i.e. if the scheme begins to over-spend within the year it will only fund, for example, applications that are within their top 3 priority criteria, rather than their top 5. There is a similar approach applied to the Discretionary Housing Payments Funding in that it is tightly managed and applied.
28. It is also anticipated that it will be possible to develop a strategic relationship with some suppliers of essential goods and services to supply vouchers which can be used instead of cash to obtain items. This would help to ensure that the family or person requiring assistance uses the assistance they receive in the appropriate manner.
29. The proposed 12 month pilot will be used to determine whether the most effective way of delivering the service to Island residents in the long term would be via a provider who has been commissioned by the Council to administer the Local Assistance Scheme on behalf of the Council. It will also enable a better understanding of the need that exists for local assistance and how best it can be met within the resources available. There are a range of organisations on the Island who could conceivably operate a scheme for the Council and the 12 month pilot period would offer the Council the opportunity to refine the requirements of the scheme and inform the specification that will be required to commission the service. The scheme will also need to ensure that claimants from outside of the Island are not tempted to try and "boundary hop" in order to try to take advantage of the Island's scheme and a robust system of checking the status and history of applicants will be required. It is likely that the scheme will adhere to the principles set out in this report and in Appendix 1 to this report. Appendix 2 to this report provides a brief analysis of an indicative list of services

which are currently available to vulnerable residents on the Isle of Wight. In order to avoid duplication and inefficiency the new Local Assistance Scheme will need to make reference to these. Where appropriate officers will need to signpost would be users of the scheme to these services before allowing access to the scheme. It will also be necessary to agree service level agreements with other agencies and suppliers and make arrangements for them to accept vouchers for goods.

30. On the basis of research to date, liaison with the DWP along with a number of other local authorities in relation to ideas for implementation, there appear to be three main options for delivery. The options available to the council are:

Option One: Link the Social Fund to existing Council services

31. It would be possible to link the administration of this new scheme to an existing Council service and a number of options have been considered, such as alignment with Revenues and Benefits, Children's Social Care and Adult Social Care, Housing, Homelessness and Supporting People. If this was the long term solution there would be significant challenges in delivering the new service within these existing Council services, due to fundamental differences in areas such as customer base and nature of the service required.
32. The additional costs involved in adopting this option would be the same as those for Option Three which is set out in more detail below.
33. On balance therefore this is not to be recommended as the preferred option in the longer term.

Option Two: Contract with new or existing external partners

34. Commissioning an independent organisation to deliver the Local Assistance Scheme from April 2013 would have several advantages. In effect the Council would purchase the administration of an Island scheme from an external organisation to ensure that the final service is up and running from the beginning of April 2013 without having a long term detrimental impact on current Council services.
35. There is some evidence that commissioning an independent organisation to deliver the Social Fund for the Isle of Wight would provide better value for money in that it would not have the kind of long term overhead costs linked to it that a Council managed scheme would have. It would be independent of the Council and people using it would be less likely to confuse it with other funds managed by the local authority.
36. There are a number of organisations who have experience of offering funding or other practical support to people in crisis who have shown an interest in bidding for this work. If this option were chosen and time allowed a soft tendering exercise could be carried out to identify the interest there may be in providing this service on behalf of the Council.
37. Unfortunately, the timescales associated with the introduction of the new service are such that it would not be possible to adequately specify the Council's requirements for a new service and to complete the necessary procurement process in time for a service to be safely up and running from April 2013.

Option Three: Pilot Scheme within the Council for 12 months, followed by Externalisation of the Service

38. It is considered that this option offers the Council the opportunity to have a scheme (pilot) in place in the required and exacting timescale which will ensure vulnerable groups have access to the support which they will need but also offers the Council the opportunity to make sure that in the long term the Island's Local Assistance Scheme is fully reflective of the needs of Island residents, and delivered on a cost effective basis.
39. There will be some additional costs associated with this option and although it is not possible to be totally precise about these at the moment the table below identifies what are likely to be the main costs. Whilst this list should not be considered to be exhaustive at this point, these costs could, in the main, be defrayed from the administration grant due to be received from the Government.

ICT – software package from Northgate	£8,000p.a
Staffing:	
2.5x F/T Officers (Grade 4 at the top of scale)	£61,322
Training	£4,000
Recruitment	£1000
TOTAL	£74,322

40. At present, workloads are such that this would inevitably place a strain on the delivery of other Council priorities. On current rough estimates, the service would require a team manager and between two - five officers to deliver the service based on the number of applications indicated under the existing Social Fund Scheme of approximately 7500 per annum (144 per week). The aim might be to enhance an existing compliment of generic processing staff resource. To ensure that this option is a success it is recommended that recruitment should be commenced without delay to ensure that the capacity to deal with the likely caseload is in place well before the 1 April 2013. At the same time arrangements will need to be made to secure ICT systems which will need to be either designed or purchased, accommodation needs to be identified or secured, a communications plan will be formulated and staff would need to be trained prior to 1 April 2013. Significant officer time will be needed to oversee this set up.

STRATEGIC CONTEXT

41. The proposals set out in this report will make a positive contribution towards a number of the priorities within the Isle of Wight's sustainable community strategy 2008-2020 (also known as Eco Island) namely.
- Inspiring Island: helping reduce childhood inequalities by tackling poverty, neglect and domestic violence and supporting families and carers to provide a safe and positive environment for our young people.
 - Healthy and Supportive Island: by helping to reduce levels of obesity in all ages and improving health, emotional wellbeing and life expectancy across the Island.
 - Safe and Well-kept Island: by reducing anti-social behaviour and disorder.

- Housing and homelessness by helping to ensure vulnerable families and persons are provided advice assistance and practical support to maintain their own homes.

CONSULTATION

42. As this is a new service to be operated from 1 April 2013 it is necessary to develop both the criteria for assistance to be given and how it is to be administered. Due to the tightness of the timescales and the need to implement systems and recruit staff to operate the scheme from 1 April 2013 it is proposed that a pilot scheme be operated for 2013/14 and that consultation is undertaken during this pilot period to develop longer term arrangements for 1 April 2014 onwards.
43. If the proposals are agreed it is proposed to consult on the intended pilot scheme with relevant organisations, referral agencies and key stakeholders such as CAB, Credit Unions, Food Banks and any other stakeholder with financial inclusion or related interests and through them their users. This would take the form of meetings and focus groups and inviting formal written responses. The consultation would run for a minimum of six weeks (following this delegated decision) until 11 January 2013 following which a final scheme would be agreed by the Cabinet.

FINANCIAL / BUDGET IMPLICATIONS

44. The Welfare Reform Act 2012 transfers responsibilities for the Social Fund from the DWP to local authorities. This is a new service for local authorities to deliver and as a result, there is significant uncertainty as to the level of demand for the service and potential cost for councils. It is possible that, once the Island's Local Assistance Scheme is established, it will see increased levels of demand over the coming years as a result of the continued global economic situation and the on-going introduction of changes and reductions to the national welfare benefits. These will continue to impact on Isle of Wight residents, particularly where there are pockets of economic deprivation in the Island. Furthermore the introduction of this new scheme may in itself generate a higher level of awareness and resulting demand.
45. In the first year, 2013/14, the funding the Isle of Wight Council will receive for these new responsibilities is a grant of £344k to cover scheme costs and £72k to cover the associated administration costs and £344k and £68k during 2014/15. After this, it is likely the grant and administration fee will become part of the wider Local Authority Grant Settlement.
46. It is important to note that, if it is assumed that the employees engaged to run this new scheme will be rewarded in line with Benefit Officers' salaries (scale 4, £17,161 to £19,126) then this administrative funding would be sufficient to employ only 2.5 FTEs. Given that the annual caseload for Social Fund applications on the Island appears to have been in excess of 7,000 it is debatable whether 2.5 employees will be sufficient in the long run, an issue which will be assessed during the proposed pilot scheme.
47. At this stage option three is to pilot the scheme within the Council for 12 months followed by Externalisation of the Service appears to offer the best solution, however a more detailed understanding of the costs and demands of the service is required. As outlined above, the suggested 12 month pilot period will be used to establish this.

CARBON EMISSIONS

48. There are no quantifiable carbon emissions issues associated with the introduction of a Local Assistance Scheme.

LEGAL IMPLICATIONS

49. If the Transfer of Undertakings (Protection of Employment) Regulations apply DWP staff who currently administer the scheme may have the right to transfer to the Council or a new provider. This would potentially have an impact on all three options. If the new service is externalised there would also be contract implications, while applicants would of course be able to challenge by way of judicial review any unsuccessful applications.
50. It will be appropriate to review the future option, whichever one is adopted in the long term and appropriately risk assess on an on-going basis.
51. As part of the finalisation of the Pilot Scheme an appropriate process will be developed in respect of any appeals where assistance applied for is refused. There will also be an internal review process available in certain circumstances

EQUALITY AND DIVERSITY

52. The Government's equality impact assessment identified that the majority of crisis loans decisions were made in relation to applications from single males (58%) with 38% in respect of single females and 8% for couples. However the success rates were similar with 76% of single males and single females making a successful application and 74% of couples. In terms of Community Care Grant decisions made in relation to applications show a higher proportion of single females applied at 49% with 36% relating to single males and 15% for couples. The success rates were highest for couples at 53% with single females at 49% and single males at 42%.
53. In terms of age, the highest proportion of decisions on crisis loan applications were made for customers aged 18 to 24. Those aged 35 to 59 had the highest success rate at 79% with over 65 year olds having the lowest success rates, particularly those aged 80 and over. Community Care Grant decisions show a higher proportion for those aged 18 to 45 but a higher success rate for those over 50 which increases with age.
54. The Council as a public body is subject to general and specific duties under equality and diversity legislation and as such has a duty to impact assess its service, policies / strategies and decisions with regards to diversity legislation and the protected characteristics (race, gender reassignment, disability, age, sex and sexual orientation, religion or belief, pregnancy and maternity, marriage and civil partnership). There are no direct implications for the Council's duties under the terms of the Equality Act 2010 arising from the recommendation within this paper. There are no additional opportunities for it to eliminate unlawful discrimination, promote equal opportunities between people from different groups and foster good relations between people from different backgrounds arising from the decision to agree a pilot scheme.
55. A full EIA will be required and will be completed once the relevant consultation period has taken place. This will be taken into account and used to inform the details of the pilot scheme.

PROPERTY IMPLICATIONS

56. There are not thought to be any property implications for consideration at this stage if the recommendation is adopted.

SECTION 17 CRIME AND DISORDER ACT 1998

57. There are no direct crime and disorder implications arising from the recommendations in this paper. If, however, an adequate replacement scheme is not put in place it is conceivable that there would be community safety implications such as an increase in burglary to fund essential purchases or an increase in inappropriate borrowing of funds from loan sharks with all of the incumbent difficulties associated with such financial arrangements.

RISK MANAGEMENT

58. This is a new area of operation for the Council and the time to implement a service is limited. The proposals set out in this report; if implemented, will ensure that a new scheme is up and running by 1 April 2013 and in turn will ensure that the most vulnerable families and individuals on the Island continue to have access to support if needed in an emergency situation. The proposed Local Assistance Scheme is likely however have several gaps in provision and risks associated with it when compared to the current Social Fund Scheme. For instance there is a risk of increased demand exceeding the resources available to meet it; the fact that DWP have yet to offer clarity over whether their existing staff who provide this service may transfer to the Council under the Transfer of Undertaking (Protection of Employment) Regulations; and the amount of work required to implement the pilot.

EVALUATION

59. Options have been identified and worked up based on as much information as is currently available about the current service and the proposed transfer from DWP.
60. This is a new service for the Council that is not easily slotted into current provision; and there are risks, given the nature of the work, of placing it in-house in the long term, which could disrupt other services which are already under significant pressure in the current economic climate. Therefore the approach outlined in option three above is the recommended way ahead.
61. In the longer term an effective procurement process will – when informed by the proposed 12 month pilot – lead to a model of service delivery that will hopefully achieve the same benefits as in-house provision, but more efficiently. It will hopefully use the benefits of a collaborative approach to learn more about the demand and to shape the service around this demand accordingly.

RECOMMENDATION

62. That option three be adopted, namely:
- (a) That a Pilot Local Assistance Scheme be implemented for 2013/14 and administered by the Council's Benefits Service.
 - (b) That this be operated in accordance with the draft scheme set out in Appendix 1 to this report.
 - (c) That the Pilot be used to develop a longer-term Local Assistance Scheme to be commissioned and operated externally from 1 April 2014.
63. That a consultation exercise is undertaken with relevant organisations, referral agencies and key stakeholders such as CAB, Credit Unions, Food Banks and any other stakeholder with financial inclusion or related interests and through them their users.
64. That the Director of Resources (in consultation with the Leader of the Council and Cabinet Member for Resources) considers the responses to the consultation exercise and the Equality Impact Assessment and then make recommendations to Cabinet for the implementation of the Pilot Scheme.

APPENDICES ATTACHED

65. [Appendix 1](#) – Draft Local Assistance Scheme for the Island.
66. [Appendix 2](#) – List of current discretionary provisions provided and other sources of support.
67. [Appendix 3](#) – Details of existing National Scheme.

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Councillor. David Pugh
Leader of the Council
Cabinet Member for Resources.

Decision

Signed

Date